

Message Text

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21

ORIGIN AID-20

INFO OCT-01 SCI-06 AF-10 EUR-25 ISO-00 PC-10 USIA-15 IO-14

INR-10 DODE-00 AGR-20 INT-08 COME-00 SWF-02 RSC-01

/142 R

66614

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----- 028992

P R 252059Z JUN 74

FM SECSTATE WASHDC

TO AMEMBASSY OUAGADOUGOU PRIORITY

AMEMBASSY NIAMEY PRIORITY

AMEMBASSY DAKAR PRIORITY

AMEMBASSY BAMAKO PRIORITY

AMEMBASSY NDJAMENA

AMEMBASSY NOUAKCHOTT

INFO AMEMBASSY ROME

AMEMBASSY PARIS

USMISSION EC BRUSSELS

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AFDROUGHT

EO11652 NA

SUBJ: SALES PRICES US-DONATED SORGHUM

ROME FOR FODAG, PARIS FOR HELMAN, EC BRUSSELS FOR

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MARTIN

1. US TITLE II SHIPMENTS REPRESENT FUNDAMENTAL HUMANITARIAN CONCERN MEET ABSOLUTE FOOD DEFICIT. OVER-RIDING CONCERN IS TO ASSURE SUFFICIENT LEVELS FOOD AVAILABLE TO THOSE WITHOUT ACCESS THROUGH MARKET MECHANISM.

2. WE CONCUR EMBASSY OUAGADOUGOU ASSESSMENT THAT DOWN-WARD PRESSURE ON RETAIL GRAIN PRICES GENERATED BY US TITLE II SHIPMENTS ARE THE SAME, REGARDLESS OF ITS PRICE, BECAUSE EFFECT ON LOCAL MARKET COMES FROM INCREASED AVAILABILITY OF GRAIN AND RESULTANT REDUCTION IN DEMAND FOR THE LIMITED SUPPLY OF LOCAL GRAIN. MANIPULATION PRICE MECHANISM IN THIS CIRCUMSTANCE BY SELLING AT DIFFERENTIAL PRICES PROVIDES NO ECONOMIC ADVANTAGE.

3. AUTHORIZATION FOR LIMITED SALES TITLE II GRAINS PREMISED ON GOVERNMENT REQUIREMENTS FOR GENERATING REVENUES TO SUPPORT RELIEF OPERATIONS AND TO MINIMIZE POPULATION'S OVER-DEPENDENCE ON DONATED FOODS.

4. DIFFERENTIATED PRICING CANNOT BE CORRELATED WITH NEEDS /INCOME OF SPECIFIC TARGET GROUPS. IN THIS CIRCUMSTANCE, ANY EFFORT UTILIZE PRICE MECHANISM FOR TITLE II GRAINS BEYOND THIS LIMITED OBJECTIVE PARA 1 ABOVE SUBJECTS ENTIRE PROGRAM TO FORCES WHICH CANNOT BE ADEQUATELY APPRAISED IN EMERGENCY CONTEXT. CONSEQUENCES PRICES DIFFERENTIATION NOT FULLY UNDERSTOOD AND COULD HAVE UNACCEPTABLE POLITICAL/ECONOMIC REPERCUSSIONS, AND ALSO PREJUDICE US DOMESTIC ATTITUDE TOWARD THIS HUMANITARIAN PROGRAM.

5. IN THIS CIRCUMSTANCE, AID CAN ONLY PERMIT FREE DISTRIBUTION AND /OR SALES AT MARKET PRICE. USG GRAIN CANNOT BE SOLD AT DISCOUNT PRICE. IF GOUV UNABLE ACCEPT SALES AT MARKET PRICE, ONLY ACCEPTABLE ALTERNATIVE IS AUGMENTED FREE DISTRIBUTION.

6. REALIZE PRICE REDUCTION DESCRIBED BY AMEMBASSY OUAGADOUGOU MAY HAVE ALREADY BEEN INITIATED OTHER COUNTRIES. IF SO, URGE POSTS MAKE NECESSARY REPRESENTATIONS TO LIMITED OFFICIAL USE

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GOVERNMENTS AS PER PARA 5 ABOVE.
DECON 6/24/75.
SISCO

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NNN

Message Attributes

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TAGS: EAID, US, UV
To: OUAGADOUGOU MULTIPLE
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005